

E-RATE CENTRAL

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WINSTON E. HIMSWORTH

9721

March 31, 2000

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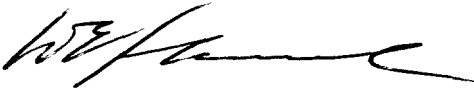
Ms. Magalie Roman Salas
Office of the Secretary
Federal Communications Commission
445 12th Street, S.W., Room TW-A325
Washington, DC 20554

Ref.: Appeal of Universal Service Administrator
decision with respect to Nassau County
BOCES and Manhasset UFSD

Dear Ms. Salas:

Attached are the originals, and four copies each, of two appeals by Nassau County BOCES of a funding decisions by the Universal Service Administrator with respect to the FCC Form 471 Applications No. 136937 and No. 139083.

Sincerely,



Winston E. Himsworth

Attachment: Original appeals and copies

No. of Copies rec'd
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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

In the matter of:)
)
Request for Review by)
Manhasset Union Free School District of)
Decision of Universal Service Administrator)
_____)

Docket Nos. 97-21 and 96-45

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E-Rate Central, the E-rate coordinator for the Board of Cooperative Educational Services for Nassau County and its 56 public school districts, hereby requests a review of an Administrator's appeal decision on behalf of Manhasset UFSD (Entity No. 123779).

In a letter dated March 20, 2000, the Universal Service Administrative Company denied in full Manhasset's appeal of an earlier Administrator funding decision for the second program year.

History:

In its original Form 471 application (Application Number 136937), Manhasset UFSD requested a discount on the purchase and installation of new telephone switching equipment. Although Manhasset correctly eliminated all costs for ineligible telephone sets, voicemail components, PA speakers, and clocks from its original funding request (Funding Request Number 206119), it incorrectly included costs for two public address switching modules associated with the basic telephone switches in two school buildings.

During the Administrator's Program Integrity Assurance review of Manhasset's application, the only question raised with either Manhasset or E-Rate Central dealt with the justification of a discount rate calculation for one of Manhasset's schools. No

questions were asked about the eligibility allocation of the telephone and public address systems.

Nevertheless, the Administrator's funding decision, dated September 28, 1999, denied Manhasset's request in full explaining that "30% or more of this FRN includes a request for Public Address System, which is an ineligible product/service based on program rules."

E-Rate Central, on behalf of Manhasset UFSD, appealed this decision in a timely letter to the Administrator dated October 18, 1999 (copy attached). While acknowledging the incorrect inclusion of the two public address switching module costs, the appeal noted that less than 25% — not 30% or more — of the originally requested amount was for ineligible equipment. The appeal calculation of ineligible public address costs, as a percentage of the original request, was based almost entirely on the documentation included as an attachment to the original Form 471 application. (The calculation also reflected a small adjustment for two \$500 line cards, included in the telephone switch costs to accommodate interconnection with the public address modules, which were uncovered in a post-decision discussion with the service provider.) As a result, Manhasset respectfully requested that the discount request be funded at the reduced eligibility level and not be denied in its entirety.

The Administrator's denial of Manhasset's appeal did not directly address the appeal's allocation calculation but simply restates, in slightly broader language, the Administrator's original conclusion that: "Based on the documentation included with your original submission the majority of this funding request is for the wiring and components for a new Public Address System, ineligible under program rules. This includes handset wiring, intercom wiring, speaker wiring and PA wiring. The Dukane 350 system is a public Address System as specified in the contract." Again, neither Manhasset nor E-Rate Central received any requests for information or clarification during the Administrator's review of the appeal.

Discussion:

The cost breakdown, as documented as an attachment in the original Form 471 (and also in the appeal), includes 2-4 components per school clearly marked as ineligible. Cost for these components were not included in the original funding request. However, the request did improperly include two Dukane MCS 350 Microprocessors incorrectly categorized as eligible by the vendor. As shown in Manhasset's appeal, the aggregate cost of these two systems (plus the two associated line cards subsequently found to be included in the telephone switches) totaled \$52,512. — 24.27% of the original funding request.

<u>School Building</u>	<u>Eligible Telephone Switch (less trunk card)</u>	<u>Ineligible PA System (plus trunk card)</u>	<u>Total FRN Request</u>	<u>Percent Ineligible</u>
Munsey Park Elem.	16,149	27,465	43,614	
Shelter Rock Elem.	44,054	25,047	69,101	
HS/MS	<u>103,649</u>		<u>103,649</u>	
Totals	\$163,852	\$52,512	\$216,364	24.27%

This percentage allocation is less than the 30% threshold rule for program year two by which the SLD routinely denied full funding. Moreover, the percentage stands in stark contrast to the language of the Administrator's appeal denial that the "majority" of the funding request was ineligible.

Although the Administrator's denial does not explain the difference between the "majority" and 24.27% characterizations of ineligible expenses, the decision language quoted above suggests that the difference may relate to wiring. Since wiring costs, per se, were not listed separately in the cost breakdown (Exhibit I), wiring was discussed in the statement of work (Exhibit II).

Our position on wiring costs is as follows:

1. The vast majority of the actual wiring costs relates to inter-room telephone wiring associated with the switch. All are eligible.

2. The public address systems, controlled by adjunct processors linked centrally to the telephone switches, requires no incremental intra-building wiring. Within individual rooms, some wiring may be needed to connect the PA speakers. As indicated in the statement of work, existing speaker wiring was largely reused. We agree that new room wiring for speakers would be ineligible, but believe that any such charges are covered under the total speaker amounts originally shown as ineligible.
3. Similarly, any room wiring costs for handsets (or clocks, not mentioned by the Administrator) are included the total amounts for those items, also originally shown as ineligible.

On the basis of the documentation provided, we continue to believe that the ineligible portion of the original funding request was less than 30%. Under the SLD's funding policies for program year two, this means that Manhasset's funding request should have been reduced (to a pre-discount level of \$163,852), not fully denied.

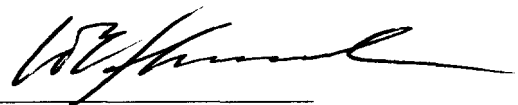
Alternative Request:

In the event that the Commission does not concur with the eligibility allocation contained in Manhasset's original appeal and outlined above, we request consideration of the following approach.

Manhasset's initial funding request was filed as a shared service. This was done because a significant portion of the district-wide communications systems upgrade was attributable to the installation in the high school/middle school (and, as a practical matter, all schools had the same discount rate). An alternative approach would be to consider the entire project as three separate installations and to request site-specific discounts. If Manhasset's request is considered in this light (and assuming the same eligibility error had been made), the ineligible portions at both elementary school sites would have been greater than 30% and those requests would have been properly denied. On the other hand, the secondary school site request would have been accurate and would have been fully funded.

As an alternative, therefore, we ask the Commission to consider approving the funding for the fully eligible telephone system at the high school/middle school (a pre-discount level of \$103,649).

Respectfully submitted,

By: 
Winston E. Himsworth
E-Rate Central
1196 Prospect Avenue
Westbury, NY 11590
On behalf of Manhasset Union Free
School District

Dated: March 31, 2000

Attachment: Original SLD appeal dated October 18, 1999

ATTACHMENT

October 18, 1999

Letter of Appeal

Schools and Libraries Division
Box 125 – Correspondence Unit
100 South Jefferson Road
Whippany, NJ 07981

FCD Letter:

Applicant Name:	Manhasset UFSD
Form 471 Application Number:	136937
Billed Entity Number:	123779
Funding Request Number:	0000206119

E-Rate Administrators:

In its referenced Form 471, Manhasset applied for Internal Connection discounts on telephone switches serving three buildings. Although the Form 471 attempted to separate eligible from ineligible portions of the contract, two public address switches were incorrectly classified as eligible. The SLD's funding commitment decision denied the entire FRN on the basis that the ineligible items constituted more than 30% of the request. Based on the following analysis, we believe that the ineligible items represented only 24% of the total and, as a result, the FRN should be reduced accordingly, not denied.

As shown in Exhibit I (included as a part of the Form 471), Manhasset listed only two types of items as eligible. One type, incorrectly classified as ineligible and used in two schools, was a Dukane MCS 350 microprocessor-based public address/intercom/clock system. The other, to be used in three schools, was an ITT Cortelco telephone switch (or equivalent). The latter were listed as "Integrated telephone and PA switches" because they included a wiring link to the public address system (see para. "c" of the work statement of exhibit II for each elementary school). This link is accomplished via a single trunk port card that adds approximately \$500 each to the two switches in the two schools with the new PA systems. A correct eligibility allocation of these items (adjusted for the trunk port cost) is shown on the following page.

Letter of Appeal
Page 2
October 18, 1999

	Eligible Telephone switch <u>(less trunk card)</u>	Ineligible PA system <u>(plus trunk card)</u>	Total FRN <u>Request</u>	Percent <u>Ineligible</u>
<u>School Building</u>				
Munsey Park Elem.	16,149	27,465	43,614	
Shelter Rock Elem.	44,054	25,047	69,101	
HS/MS	<u>103,649</u>		<u>103,649</u>	
Totals	\$163,852	\$52,512	\$216,364	24.27%

Based on this breakdown, and the accompanying documentation, we respectfully request that this FRN be considered for funding to the level of \$163,852 and not be denied in its entirety.

It should be noted that the contact on this Form 471, Fred Goldberg, left the Manhasset district at the beginning of the summer and has yet to be replaced. Had the SLD been able to contact Manhasset over the summer, this FRN might have been resolved prior to the decision to deny.

Please call us if you have any questions. Thank you for your consideration.

Sincerely,

Winston E. Himsworth
On behalf of Manhasset UFSD

Attachments: Exhibits I and II

/abm

MANHASSET PUBLIC SCHOOLS
200 MEMORIAL PLACE
MANHASSET, NEW YORK 11030

MARCH 29, 1999

Explanation of Schools and Libraries Universal Service
471 Certification Form

On August 20, 1998, The Manhasset Union Free School District's (MUFSD) Board of Education awarded a **\$352,675.00** contract to Cross County Telephone Systems, Inc. of Mineola, NY to install a new districtwide telephone system.

Following conversations with SLC consultants including "Barbara," the MUFSD asked Cross County Telephone Systems Inc, to separate out eligible and ineligible costs from the contract. The table below summarizes the items as they pertain to our Form 471 application.

The full set of specifications is available from Burton, Behrendt & Smith (BB&S), P.C., 244 East Main Street, Patchogue, NY 11772 (516-475-0349). The project number was 97-178

Enclosed with this 471 application, please find copies of:

1. The contract with Cross County Telephone Systems, Inc.
2. The summary pages from the BB&S Project Manual specifications
3. The FAX from Cross County Telephone System, Inc. separating out eligible from ineligible items.

The District houses four schools in three buildings.

Ineligible Items

Building # 1: Munsey Park Elementary School

Electrical power	\$0
Voicemail	\$ 16,600.00
Handsets	\$ 18,400.00
Clocks	\$ 3,000.00
PA Speakes	\$ 10,100.00
Removal of existing system	\$0
Subtotal	\$48,100.00

Building # 2: Shelter Rock Elementary School

Electrical power	\$0
Voicemail	\$ 16,600.00
Handsets	\$ 18,400.00
Clocks	\$ 907.00
PA Speakes	\$ 4,304.00
Removal of existing system	\$0
Subtotal	\$40,211.00

Building #3: High School/Middle School

Electrical power	\$0
Voicemail	\$ 23,200.00
Handsets	\$ 24,800
Clocks	\$0
PA Speakes	\$0
Removal of existing system	\$0
Subtotal	\$48,000.00

Total Ineligible	
Munsey Park	\$48,100.00
Shelter Rock	\$40,211.00
HS/MS	\$48,000.00
	\$136,311.00

Eligible Items

Building # 1: Munsey Park Elementary School

Installation of all Integrated Telephone & PA switches	\$ 16,649.00
Installation of Dukane MCS 350 Microprocessor	\$ 26,965.00
Installation of telephone wiring	\$0
Subtotal	\$43,614.00

Building # 2: Shelter Rock Elementary School

Installation of all Integrated Telephone & PA switches	\$ 44,554.00 ✓
Installation of Dukane MCS 350 Microprocessor	\$ 24,547.00
Installation of telephone wiring	\$0
Subtotal	\$69,101.00

Building # 3: High School/Middle School

Installation of all Integrated Telephone & PA switches	\$ 103,649.00 ✓
Installation of Dukane MCS 350 Microprocessor	\$0
Installation of telephone wiring	\$0
Subtotal	\$103,649.00

Total Eligible	
Munsey Park	\$43,614.00
Shelter Rock	\$69,101.00
HS/MS	\$103,649.00
	<u>\$216,364.00</u>

Total Ineligible	\$136,311.00
Total Eligible	<u>\$216,363.00</u>
Total Contract	\$352,675.00

SECTION 16013 - WORK INCLUDED1.01 GENERAL

- A. These specifications and the accompanying drawings are intended to include the furnishings of all labor, materials, tools, hoists, transportation, equipment, apparatus, and all required appurtenances and incidental auxiliaries necessary for the installation of the electrical work in a safe, substantial, workmanlike manner, complete in every detail, tested and ready for satisfactory operation.
- B. Any equipment called in for these specifications and not shown on the drawings and vice versa shall be furnished and installed complete as would any equipment both specified and shown. Generally, the work under Division 16 shall include, but shall not necessarily be limited to, the following items. Omission of specific items shall not be construed as being omitted from Division 16.

Shelter Rock Elementary School:

- a. Remove existing intercom handset system from all classrooms and offices. Remove intercom operator board from Main Office. Remove all handset wiring or abandon in place as conditions dictate. Existing speaker wiring will remain and be re-used. Remove all rack mounted public address system components from existing public address rack in the main office.
- b. Install all new public address components. Install new wiring throughout the building to new DTMF telephone handsets in every classroom and office that is to receive a handset. Run new wiring to new loudspeakers at locations where speakers did not previously exist. Run new wiring to all locations shown to receive new clocks.
- c. Install new Dukane MCS 350 microprocessor based public address / intercom / clock system to replace existing public address and intercom system. This system allows remote operation of the new system from an administrative console located in the Main Office or any place else (one included in this estimate). This system displays any numeric or alphanumeric room number calling in. Provide and install a new "ITT - Cortelco" telephone system switch as specified complete with all wiring to interface telephone switch to the new P.A. / Intercom equipment. Provide master clock driver board for new P.A. system head end. Connect all new and existing clocks to new P.A. head end such that they will be automatically corrected by the clock driver in the new P.A. head end.
- d. All related ceiling work required to properly complete the job.

1. Perform all related systems programming as required to set the system up according to the districts' requirements. Perform a minimum of (3) separate training sessions for building personnel for the purpose of instructing proper operation and maintenance of all new systems. Total training time shall be 16 hours minimum.
2. New P.A. system shall come complete with a UPS battery backup system that will sustain system operation for (4.5) hours in the event of a power failure. New telephone system switch shall come complete with a new UPS battery backup system that will sustain the system for a minimum of (8) hours in the event of a power failure.
3. Contractor shall be required to run new 120 volt power circuits to all new head end equipment as required. Power shall come from nearest electrical panel that has spare circuit capacity.

Munsey Park Elementary School:

- a. Remove existing intercom handset system from all classrooms and offices. Remove intercom operator board from Main Office. Remove all handset wiring or abandon in place as conditions dictate. Existing speaker wiring will remain and be re-used. Remove all rack mounted public address system components from existing public address rack in the main office.
- b. Install all new public address components. Install new wiring throughout the building to new DTMF telephone handsets in every classroom and office that is to receive a handset. Run new wiring to new loudspeakers at locations where speakers did not previously exist. Run new wiring to all locations shown to receive new clocks.
- c. Install new Dukane MCS 350 microprocessor based public address / intercom / clock system to replace existing public address and intercom system. This system allows remote operation of the new system from an administrative console located in the Main Office or any place else (one included in this estimate). This system displays any numeric or alphanumeric room number calling in. Provide and install a new "ITT - Cortelco" telephone system switch as specified complete with all wiring to interface telephone switch to the new P.A. / Intercom equipment. Provide master clock driver board for new P.A. system head end. Connect all new and existing clocks to new P.A. head end such that they will be automatically corrected by the clock driver in the new P.A. head end.
- d. All related ceiling work required to properly complete the job.

4. Perform all related systems programming as required to set the system up according to the districts' requirements.
5. Perform a minimum of (3) separate training sessions for building personnel for the purpose of instructing proper operation and maintenance of all new systems. Total training time required shall be 16 hours minimum.
6. New P.A. system shall come complete with a UPS battery backup system that will sustain system operation for (4.5) hours in the event of a power failure. New telephone system switch shall come complete with a new UPS battery backup system that will sustain the system for a minimum of (8) hours in the event of a power failure.
7. Contractor shall be required to run new 120 volt power circuits to all new head end equipment as required. Power shall come from nearest electrical panel that has spare circuit capacity.

Manhasset Secondary School:

- a. Provide and install a new telephone system switch of capacities shown herein. New telephone switch shall include a new UPS backup battery power system that will sustain system operation for a minimum of (8) hours upon power failure.
 - b. Install all new telephone system components. Install new wiring throughout the building to new DTMF telephone handsets at every location shown to receive a new handset. that is to receive a handset.
 - c. All related ceiling work required to properly complete the job.
8. Perform all related systems programming as required to set the system up according to the districts' requirements.
 9. Perform a minimum of (3) separate training sessions for building personnel for the purpose of instructing proper operation and maintenance of all new systems. Total training time shall be 16 hours minimum.
 10. Contractor shall be required to run new 120 volt power circuits to all new head end equipment as required. Power shall come from nearest electrical panel that has spare circuit capacity.

END OF SECTION